

## INVESTMENT SERVICES COURSE

<p><b><u>Module 1: Introductory Module (6 hours)</u></b></p> <p><b><u>Price Lm150 (including VAT)</u></b></p> <p><i>The Module provides an introduction to the regulation of investment services under both Maltese and EU law.</i></p>	<p><b><u>Lecturer</u></b></p>
<p><b><u>Tuesday 14<sup>th</sup> November – Module 1 Session 1: 3 hours</u></b></p> <p><i>The aim of this session is to provide an introductory overview to the regulation of investment services under Maltese Law by examining in brief the Investment Services Act, 1994.</i></p>	
<p><b>* Regulation of Investment Services under Maltese Law</b></p> <p><i>The ISA provides the legal basis for the regulation of the Maltese securities industry, that is, investment products or instruments, investment services, investment funds, and investment advertisements. This session will examine how the Maltese securities industry has, from being almost totally unregulated, now matured into a highly specialised and regulated area, with detailed, modern regulatory laws applicable to many areas of financial activity.</i></p> <p><i>The aim of this session is to provide a general overview of the regulatory regime governing the provision of investment services in Malta. This session will largely focus on the <b>Investment Services Act, 1994</b> (the “ISA”) and regulations issued under the law. The session will also cover the exemptions granted under the Investment Services Act (Exemptions) Regulations 1995 (L.N. 6 of 1995)</i></p> <p><i>Since the ISA largely applies to investment services when provided in conjunction with an investment instrument, a brief overview of the services and instruments regulated by the ISA in the First and Second Schedules will be given. These will be tackled in greater depth in the Second and Third Modules.</i></p> <p><i>An introduction to the <b>ISA Guidelines</b> will also be given in this module. These will be tackled in greater depth in the Third Module.</i></p>	<p>Dr Max Ganado (1¾ hours)</p>

<p><b>* Living with Regulation</b></p> <p><i>The aim of this session is to tackle from a practical standpoint the workings of the regulatory regime, with particular emphasis on the providers of investment services.</i></p>	<p>Mr Joe Camilleri (1 hour)</p>
<p><b><u>Thursday 16<sup>th</sup> November - Module 1 Session 2: 3 hours</u></b></p>	
<p><i>Following the overview of the Maltese regulatory regime governing investment services given in Session 1, this session will provide an overview of the EU regulatory regime.</i></p>	
<p><b>* The EU Regulatory Regime governing Investment Services</b></p> <p><i>The aim of this session is to provide an overview of the regulatory regime governing Investment Services under European Law.</i></p> <p><i>The EU's investment services regulatory regime is one in transition, moving from a basic regulatory framework under the Investment Services Directive (the "ISD") to a considerably more sophisticated and extensive regime under the Markets in Financial Instruments Directive ("MiFiD") which is designed to complete the single market in financial services envisaged under the Financial Services Action Plan (FSAP).</i></p> <p><i>In the light of the above, this session will tackle the Investment Services Directive (ISD), the Financial Services Action Plan (FSAP) and the Markets in Financial Instruments Directive (MiFiD) which will replace the ISD which will be repealed on the 1<sup>st</sup> November 2007.</i></p>	<p>Mr Laurence White (1½ hours) / Dr Andre Zerafa (1 hour)</p>

<p align="center"><b><u>Module 2: Securities (9 hours)</u></b></p> <p align="center"><b><u>Price Lm225 (including VAT)</u></b></p> <p><i>Following the introductory module, Module 2 will examine in detail all aspects of securities regulation under both Maltese Law and EU Law.</i></p>	<p align="center"><b><u>Lecturer</u></b></p>
<p align="center"><b><u>Tuesday 21<sup>st</sup> November - Module 2 Session 1: 3 hours</u></b></p> <p><i>This session aims to examine the nature and definition of investment instruments under both Maltese Law and EU Law.</i></p>	
<p><b>*Nature and Definition of Investment Instruments</b></p> <p><i>The aim of this session is to provide an in depth analysis of the legal and practical aspects of each of the investment instruments listed in the Second Schedule of the ISA.</i></p> <p><i>These are listed under 7 main headings:</i></p> <ol style="list-style-type: none"> <li>1. <i>Securities</i></li> <li>2. <i>Units in a Collective Investment Scheme</i></li> <li>3. <i>Warrants, Options, Certificates, or other Instruments</i></li> <li>4. <i>Certificates which confer property rights over instruments</i></li> <li>5. <i>Futures and Foreign Exchange Contracts</i></li> <li>6. <i>Rights under a contract for differences</i></li> <li>7. <i>Linked Long Term Insurance Policies</i></li> </ol> <p><i>This list is the definitive list of Investment Instruments; it is a very wide definition of what an investment instrument is and encompasses almost all known types or categories of investment instruments currently used in many financial markets. The purpose of this session is to examine those instruments in relation to which only licensed persons can provide specified investment services, which will be analyzed in the Third Module.</i></p> <p><i>It should be noted that the examination of the investment instruments will not be restricted merely to the ISA but will encompass all other relevant Maltese legislation relating to “securities”, including the Civil and Commercial Codes.</i></p> <p><i>This session will also tackle Government Securities as well as the Judicial approach towards the interpretation of the nature of investment instruments.</i></p>	<p>Dr Max Ganado (2¼ hours) / Dr Tiziana Filletti (½ hour)</p>

<b><u>Thursday 23<sup>rd</sup> November – Module 2 Session 2: 3 hours</u></b>	
<p><b>*Nature and Definition of Investment Instruments (CONTINUED)</b></p> <p><b>* The EU Perspective on Investment Instruments</b></p> <p><i>The aim of this part of the session is to examine the nature and definition of the investment instruments regulated under the ISD and the MiFiD, with particular attention being given to the changes introduced by the MiFiD. The session will begin by examining Section B of the Annex to the ISD (which lists the instruments to which the Directive applies) and the definitions of the various instruments contained in the Directive.</i></p> <p><i>The instruments to be tackled (in accordance with the list contained in Section B) are:</i></p> <ol style="list-style-type: none"> <li>1. (a) Transferable securities (b) units in collective investment undertakings</li> <li>2. Money-market instruments</li> <li>3. Financial-futures contracts, including equivalent cash-settled instruments</li> <li>4. Forward interest-rate agreements (FRAs).</li> <li>5. Interest-rate, currency and equity swaps.</li> <li>6. Options to acquire or dispose of any instruments falling within this section of the Annex, including equivalent cash-settled instruments. This category includes in particular options on currency and on interest rates.</li> </ol> <p><i>The session will continue with an examination of the changes introduced to the above definition of investment instruments by the MiFiD in the Annex to this Directive.</i></p>	<p>Dr Max Ganado (1¼ hours) / Dr Matthew Bianchi (½ hour)</p> <p>Dr Andre Zerafa (1 hour)</p>

<p style="text-align: center;"><b><u>Tuesday 5th December – Module 2 Session 3: 3 hours</u></b></p> <p><i>Following the overview of the nature and definition of investment instruments given in Session 1, this session aims to examine the regulatory regime governing the <u>offer of securities</u> with a view to providing an understanding of the practical aspects of dealing in securities.</i></p>	
<p><b>* Dealing in Securities – Offers</b></p> <p><i>This session will mainly focus on the regulations governing the issue of a prospectus in relation to the offering of securities and the regulations governing the advertisements of such offerings.</i></p> <p><i>The ISA defines a “prospectus” as any prospectus, notice, circular, advertisement or other invitation, offering to the public for subscription any shares or debentures of a company or other commercial partnership.</i></p> <p><i>Reference will therefore be made to:</i></p> <ul style="list-style-type: none"> <li>• <i>the Companies Act,</i></li> <li>• <i>the Prospectus Directive,</i></li> <li>• <i>Appendix 9 of the Investment Services Guidelines issued by the MFSA, which establishes the contents of a Prospectus</i></li> <li>• <i>And the Investment Services Act (Prospectus of a Collective Investment Scheme) Regulations (L.N. 355 of 2002)</i></li> </ul> <p><i>In order to fully illustrate the requirements of a prospectus constituting an offer of securities under the Maltese regulatory regime, this session will also examine the regulations governing the advertisement of offering of securities under the Maltese regulatory regime.</i></p> <p><i>The ISA defines “investment advertisement” as any form of medium of advertising or promotional activity, other than a prospectus, the contents of which, either invites persons, or contains material calculated to induce persons:</i></p> <ul style="list-style-type: none"> <li>(i) <i>to become or offer to become participants in a collective investment scheme; or</i></li> <li>(ii) <i>to subscribe for or otherwise acquire or underwrite an instrument; or</i></li> <li>(iii) <i>to purchase or otherwise procure an investment service.</i></li> </ul> <p><i>In this particular context the Investment Services Act (Investment Advertisements and Prospectus Exemption) Regulations (L.N. 392 of 2005), the MFSA Standard Licence Conditions and other guidelines will be examined</i></p>	<p>Ms Ruth Walters (1¾ hours) / Dr Andre Zerafa (½ hour)</p>
<p><b>* Listing of Securities (Introduction)</b></p> <p><i>The aim of this part of the session is to briefly examine the requirements for listing securities on the Malta Stock Exchange. Reference will made to the Malta Stock Exchange Bye-Laws and the Listing Rules issued by the Listing Authority with a view to providing a practical understanding of the procedure and requirements for listing on the Malta Stock Exchange. The Central Securities Depository system will also be explained and analysed from a legal perspective.</i></p>	<p>Dr Conrad Portanier (½ hour)</p>

<p style="text-align: center;"><b><u>Module 3: Investment Services (6 hours)</u></b></p> <p style="text-align: center;"><b><u>Price Lm150 (including VAT)</u></b></p> <p><i>Module 3 will examine in detail the regulation of investment services under both Maltese Law and EU Law.</i></p>	
<p style="text-align: center;"><b><u>Tuesday 28th November – Module 3 Session 1: 3 hours</u></b></p> <p><i>Following the analysis of the instruments regulated by the ISA in Module 2, this session aims to provide an analysis of the investment services which if performed in respect of the investment instruments regulated by the ISA require a licence to be issued by the MFSA.</i></p>	
<p><b>* Nature and Definition of Investment Services</b></p> <p><i>This session aims to provide an in depth analysis of the legal and practical aspects of each of the investment services listed in the First Schedule of the ISA under 6 main headings:</i></p> <ul style="list-style-type: none"> <li><i>A. Dealing as Principal or Agent</i></li> <li><i>B. Arranging Deals</i></li> <li><i>C. Management of Investments</i></li> <li><i>D. Trustee, Custodian or Nominee Services</i></li> <li><i>E. Investment Advice</i></li> <li><i>F. Stockbroking</i></li> </ul> <p><i>The aim of this session is to provide a practical understanding of what falls within the parameters of each of the services and thus requires a licence issued by the MFSA.</i></p> <p><i>This session will also examine the rules and regulations governing the promotion of investment services under the Investment Services Guidelines drawn up by MFSA.</i></p>	<p>Dr Max Ganado (2¾ hours)</p>
<p style="text-align: center;"><b><u>Thursday 7<sup>th</sup> December- Module 3 Session 2: 3 hours</u></b></p> <p><i>Following the overview of the investment services subject to the ISA in Session 1, Session 2 aims to examine the underlying contractual relations of each of these services.</i></p>	
<p><b>* Underlying Contractual Relations in Investment Services</b></p> <p><i>The aim of this session is to examine in detail the contractual relations underlying each of the investment services regulated under the First Schedule of the ISA within the context of the general Maltese legal regime. The aim of this session is to go beyond the provisions of the ISA and to examine the provision of these services in the light of other applicable laws and legal principles.</i></p>	<p>Dr Max Ganado (1 hour)</p>

<p><i>Model contracts will be discussed in a practical session.</i></p>	
<p><b>* The EU Perspective on Investment Services and Passporting</b></p> <p><i>The aim of this part of the session is to examine the nature and definition of the investment services regulated under the ISD and the MiFiD, with particular attention being given to the changes being introduced by the MiFiD. This part of the session will link up with Module 2 and will begin by examining the services listed in Section A of the Annex to the ISD, which are the services to which the Directive applies.</i></p> <p><i>The services to be examined (in accordance with the list contained in Section A) are:</i></p> <ol style="list-style-type: none"> <li><i>1. (a) Reception and transmission, on behalf of investors, of orders in relation to one or more of the instruments listed in Section B</i></li> <li><i>(b) Execution of such orders other than for own account.</i></li> <li><i>2. Dealing in any of the instruments listed in Section B for own account.</i></li> <li><i>3. Managing portfolios of investments in accordance with mandates given by investors on a discriminatory, client-by-client basis where such portfolios include one or more of the instruments listed in Section B.</i></li> <li><i>4. Underwriting in respect of issues of any of the instruments listed in Section B and/or the placing of such issues.</i></li> </ol> <p><i>The session will continue with an examination of the changes introduced to the above definition of investment services by the MiFiD in the Annex to this Directive.</i></p> <p><i>This session will also cover the European Single Passport for service providers in terms of the ISD and MiFiD.</i></p> <p><i>This part of the session will begin with an examination of:</i></p> <ul style="list-style-type: none"> <li><i>• the meaning and implications of “passporting”</i></li> <li><i>• how “passporting” can be carried out (i.e. either by providing services on a freedom of services basis or through the establishment of a branch)</i></li> </ul> <p><i>The session will also cover Appendix 3 of the Investment Services Guidelines issued by the MFSA entitled “Exercise of Passport Rights under the Investment Services Directive for Investment Services Licence Holders.”</i></p>	<p>Mr Christopher Buttigieg (1¾ hours)</p>

<p align="center"><b><u>Module 4: Collective Investment Schemes &amp; Structures (9 hours)</u></b></p> <p align="center"><b><u>Price Lm 225 (including VAT)</u></b></p> <p><i>This Module aims to provide a complete overview of the principal aspects of Collective Investment Schemes, from the various legal forms which they may take to the relationships between the Scheme and its service providers.</i></p>	<p align="center"><b><u>Lecturer</u></b></p>
<p align="center"><b><u>Thursday 30<sup>th</sup> November - Module 4 Session 1: 3 hours</u></b></p> <p><i>This session aims to provide an introduction to Collective Investment Schemes and to the various legal forms which such Schemes may take.</i></p>	
<p><b>* Nature and Definition of Collective Investment Schemes (CIS)</b></p> <p><i>A collective investment scheme is an arrangement that enables a number of investors to “pool” their assets and have these professionally managed by an suitably qualified independent manager. Investments may typically include commodities, bonds and quoted equities, but depending on the type of scheme the range of investments may be wider. For example some CISs may be in unquoted investments or even immovable property and artwork. Investors in such schemes are able to reduce risk by spreading their investments more widely than may have been possible if they were investing in the assets directly. The reduction in risk is achieved because the wide range of investments in a collective investment scheme reduces the effect that any one investment can have on the overall performance of the portfolio.</i></p> <p><i>CISs may amongst other things, be licensed as a retail investment fund (Session 2), a professional investor fund (Session 2) or even as an employee share ownership scheme.</i></p> <p><i>This session will examine the legal definition of a CIS under Article 2 of the ISA and what it covers. The main elements which will be considered are:</i></p> <ul style="list-style-type: none"> <li>- <i>the principle of risk spreading;</i></li> <li>- <i>the pooling of assets</i></li> <li>- <i>re-purchases and redemptions</i></li> <li>- <i>continuous issue of units</i></li> </ul> <p><i>The session will also cover the exemptions granted under the Investment Services Act (Exemptions) Regulations 1995 (L.N. 6 of 1995)</i></p>	<p>Dr Max Ganado (1½ hours)</p>
<p><b>* Legal Structures of CISs</b></p> <p><i>The aim of this part of the session is to consider the various legal forms which Collective Investment Schemes may take under the ISA. Although the most popular form is the SICAV (<u>Société d’ Investement à Capital Variable</u>), CISs may also be formed as:</i></p>	<p>Dr Tiziana Filletti (1¼ hours)</p>

<ol style="list-style-type: none"> <li>1. <i>INVCOs (Investment Companies with fixed share capital)</i></li> <li>2. <i>Unit trusts</i></li> <li>3. <i>Mutual funds</i></li> <li>4. <i>Limited Partnerships</i></li> </ol> <p><i>Each of these legal forms will be examined in detail with a view to illustrating their various applications under the Maltese Investment Services Regime.</i></p>	
<p><b><u>Tuesday 12<sup>th</sup> December - Module 4 Session 2: 3 hours</u></b></p>	
<p><b><i>Following the introduction to CISs and their legal forms in Session 1, this session aims to examine the various types of licences for CISs and the various licence conditions attaching to each type.</i></b></p>	
<p><b>* Non-UCITS Collective Investment Schemes</b></p> <p><i>Retail Collective Investment Schemes are schemes which are offered and marketed to the general public. Since these CISs are open to all investors they are subject to a high level of regulation.</i></p> <p><i>This part of the session will begin with an examination of what constitutes a Retail Fund and the various requirements for such funds under the Investment Services Guidelines issued by MFSA.</i></p>	<p>Mr James Farrugia (¾ hour)</p>
<p><b>* Professional Investor Funds</b></p> <p><i>Professional Investor Funds are schemes which are only offered to high net worth investors and to experienced investors. Since these CISs are only open to a restricted group of investors they are subject to a low level of regulation.</i></p> <p><i>This part of the session will focus on Professional Investor Funds with particular emphasis on the “Guide to the establishment of Professional Investor Funds” issued by the MFSA.</i></p>	<p>Mr James Farrugia (¾ hour)</p>
<p><b>* UCITS</b></p> <p><i>The UCITS Directive (Council Directive 85/611/EEC of the 25<sup>th</sup> December, 1985 (as amended), on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) with a view to regulating management companies and simplified prospectuses) is limited in scope to collective investment undertakings which promote the sale of their units to the public in the European Union and whose sole object is the investment in transferable securities (which are essentially transferable securities listed on stock exchanges or similar regulated markets)..</i></p> <p><i>This aim of this session is to examine the concept of a UCITS as well as the provisions contained in Legal Notice 207 of 2004 (as amended by LN</i></p>	<p>Dr Simon Tortell (1¼ hours)</p>

<p>309/2004) which implements the UCITS Directive in Maltese law and the Investment Services Guidelines issued by the MFSA entitled “UCITS Collective Investment Schemes”.</p>	
<p style="text-align: center;"><b><u>Thursday 14<sup>th</sup> December - Module 4 Session 3: 3 hours</u></b></p> <p><i>Following the introduction to CISs in Session 1 and the overview of the licensing conditions in Session 2, this Session aims to provide an understanding of the players in the Fund industry and the various underlying relationships between them and the CIS.</i></p>	
<p><b>* Underlying Contracts and Documentation of Funds</b></p> <p><i>The aim of this part of the session is to examine the underlying contracts and documentation governing the relations between the CIS and its service providers. Once licenced, the CIS must then enter into detailed relationships with a series of operators who are themselves licenced under the ISA to provide services necessary for the CIS to be able to function.</i></p> <p><i>The following documents will be analysed:</i></p> <ol style="list-style-type: none"> <li><i>1. Memorandum and Articles of Association, the trust deed, the Management regulations or the partnership deed as the case may be;</i></li> <li><i>2. The Custodianship Agreement</i></li> <li><i>3. The Management Agreement</i></li> <li><i>4. The Advisory Agreement (if any)</i></li> <li><i>5. The Administration Agreement</i></li> <li><i>6. The Prime Broker Agreement.</i></li> </ol>	<p>Dr Max Ganado (1½ hours)</p>
<p><b>* The Offering Memorandum and Prospectus</b></p> <p><i>This part of the session will deal with the requirements under the “Guide to the establishment of Professional Investor Funds” in respect of PIFs and the requirements under Appendix 9 of the Investment Services Guidelines issued by the MFSA in respect of retail funds.</i></p>	<p>Mr James Farrugia (1¼ hours)</p>

